

CITY OF MOUNTAIN VIEW**ENVIRONMENTAL PLANNING COMMISSION****STAFF REPORT****WEDNESDAY, APRIL 7, 2010****5. PUBLIC HEARING****5.1 Consideration of Draft Housing Element****RECOMMENDATION**

That the Environmental Planning Commission (EPC) recommend to the City Council that it adopt the Draft Housing Element and Draft Negative Declaration.

PUBLIC NOTIFICATION

The Commission's agenda is advertised on Channel 26 and the agenda and this report appear on the City's Internet web page. Notice of this meeting has been sent to organizations and individuals on the Housing Element mailing list.

PURPOSE AND SUGGESTED MEETING PROCEDURE

The purpose of this meeting is to present the EPC with the Draft Housing Element and Draft Negative Declaration. Staff is seeking EPC comments and recommendations for the Draft Housing Element.

Staff recommends the following meeting procedures:

1. Presentation of the key points of the staff report.
2. Questions and requests for clarification from Commissioners about the Draft Housing Element and Draft Negative Declaration.
3. Public comment.
4. Discussion and recommendations of the City's Draft Housing Element.

BACKGROUND

The Housing Element is one of seven mandatory elements which must be included in a jurisdiction's General Plan. However, unlike other General Plan elements, the Housing Element must be updated every five to seven years and is subject to a

number of State requirements and detailed review by the State Department of Housing and Community Development (HCD). The purpose of a Housing Element is to provide goals, policies and programs to address a jurisdiction's housing needs.

Previous Meeting Summary

The City has done extensive outreach to obtain public comment for the Housing Element. The outreach has included noticing to interested stakeholders, EPC meetings, Council meetings and General Plan workshops. The following is a brief summary of key points from previous EPC and Council meetings regarding the Housing Element update process and how specific comments were addressed.

- **EPC, April 16, 2008: Housing Element Requirements and Work Program.** The EPC expressed concern about the Housing Element update conflicting with General Plan policies and recommended that Housing Element outreach be done concurrently with the General Plan outreach. Outreach for the Draft Housing Element was subsequently completed concurrently with the General Plan outreach, helping ensure consistency between the two documents.
- **EPC, June 4, 2008: 2002 Housing Element Implementation Actions Status.** Staff advised the EPC of the action programs that were completed, actions still in process and explained why some actions were not completed. Section 2 of the Draft Housing Element provides more detailed analysis of the implementation of the 2002 Housing Element.
- **EPC, August 20, 2008: Presentation of Preliminary Key Findings of the City's Housing Needs.** Staff presented preliminary key findings regarding the City's Regional Housing Need Allocation (RHNA); an explanation of household income level; population, job and household projections; and special housing needs. The EPC requested clarification of the following: a definition of affordability; breakdown of the cost of utilities in the affordability definition; additional information regarding homeless population; who defines income levels; how does ABAG calculate their projections; and questions about housing subsidies and the source of the funding. Staff provided responses to these questions at the September 17 EPC meeting.
- **EPC, September 3, 2008: A Housing Element Roundtable I.** This meeting provided four local community organizations an opportunity to present and discuss housing needs and policy with the EPC. The first group to present was the Advocates for Affordable Housing (AAH). AAH advocated for more affordable housing in the City and recommended that the City encourage a balanced housing portfolio for all income groups in the City.

The Alpha Omega Housing Group, whose mission is to assist the homeless, provided information to the EPC about the homeless. The representative from Alpha Omega suggested the City adopt the Housing First Model, which provides housing first, then provide services for the homeless. The League of Women Voters (Mountain View-Los Altos) presented information to the EPC and recommended the City focus on rental housing by providing a variety of housing types and encouraged a review of the BMR program.

Finally, the Community Services Agency (CSA), which provides services to low-income families, homeless and seniors, presented information to the EPC. CSA encouraged the Commission and Council to advocate for clean, safe and decent affordable housing; the development of affordable housing; and to support efforts to build affordable housing.

- **September 17, 2008: Housing Element Roundtable II.** This meeting allowed real estate and business stakeholder groups to present information regarding housing to the EPC. The groups that presented included the Silicon Valley Association of Realtors (SILVAR), which presented the key factors for affordability, home ownership opportunities and the benefits of home ownership. SILVAR discussed the real estate market and pointed out that real estate is cyclical and now may be a good time to enter the market.

The Silicon Valley Leadership Group (SVLG), a trade association that represents 280 companies in Silicon Valley, stated that more dense, compact development near transit is the direction of the future. The SVLG encouraged minimum density, especially near transit.

A representative from the Silicon Valley Economic Development Alliance Project, an alliance of local governments that promote economic growth, stated that housing affordability is due to a lack of supply and jobs, and economic development must be balanced with housing growth. The representative stated that developers need some certainty regarding the project entitlement process. The representative also pointed out that it is important to focus on density along transit corridors and to protect employment lands. The representative recommended that residential lands, where possible, should have increased density and that the market will adjust to the increased densities.

A representative from Charities Housing spoke about the need for more housing, specifically for smaller, more affordable units. The Executive Director of Southern Region of the Homebuilders Association, which represents 3,000 builders in the Bay Area, encouraged housing policies and requirements to be flexible because of the state of the market.

- **EPC, April 22, 2009: Draft Housing Needs Assessment and Constraints.** The City's housing consultant, Bay Area Economics (BAE), and staff introduced the Draft Housing Needs Assessment and Constraints analysis. BAE and staff explained that the analysis is required as part of the Housing Element update. The analysis presented at the meeting included: demographic trends; employment trends; population and employment projections; housing stock characteristics; market conditions and housing affordability; discussion of existing assisted housing; analysis of special-needs population; and an analysis of government and nongovernment constraints to construct housing. The EPC asked that terms used in the draft document be clearly defined. A glossary with terms is now included in the Draft Housing Element.
- **City Council, June 30, 2009: Draft Housing Needs Assessment and Constraints.** Staff introduced the Draft Needs Assessment and Constraints report. Council requested clarification about several items, which BAE and staff answered at the meeting. Council asked BAE and staff to incorporate additional information from surrounding communities into the document and provide additional information about rehabilitating units.
- **EPC, September 2, 2009: Draft Goals, Policies and Programs.** Staff introduced Draft Goals, Policies and Programs to the EPC. The EPC provided feedback to BAE and staff, which was then presented to the Council at their October 6 meeting. Additional discussion of the Draft Goals, Policies and Programs and changes since the September meeting are described later in the report under the heading "Revised Goals, Policies and Programs."
- **City Council, October 6, 2009: Draft Goals, Policies and Programs.** Staff introduced the Draft Goals, Policies and Programs. The presentation included EPC and public comments from the September 2 EPC meeting. Additional discussion of Council comments is described in "Revised Goals, Policies and Programs."
- **EPC, October 7, 2009: Draft Housing Element Sites.** Staff introduced the Draft Housing Element sites. Staff explained that the City could accommodate its Regional Housing Needs Allocation (RHNA) number with its existing zoning and General Plan designations.

Changes in State Law

The current Housing Element was adopted in 2002. However, since that time, several new State laws have been enacted requiring additional analysis. The following is summary of the new State laws.

- **SB 2—Emergency Homeless Shelter and Transitional and Supportive Housing.** This Senate bill requires cities to identify at least one zoning district that allows an emergency homeless shelter as a permitted use. Cities have one year after the adoption of their Housing Element to identify the zoning district. The Draft Housing Element addresses SB 2 through Program 6.6, which states that the City will identify a zoning district that will permit a homeless shelter within one year of the adoption of the Housing Element.

In addition, SB 2 requires the City's Zoning Code to treat transitional and supportive housing as a proposed residential use subject only to those restrictions that apply to other residential uses. The Draft Housing Element addresses SB 2 through Program 6.7, which states that the City will modify the City's Zoning Code to treat transitional and supportive housing as a residential use, subject only to those restrictions that apply to other residential uses of the same type in the same zone.

- **AB 2344—Adequate Land Inventory.** AB 2344 amended the Housing Element law to clarify the relationship between the land inventory and adequate site requirements and provided specific guidance on the content of an adequate land inventory. The sites inventory and analysis chapter of the Housing Element reflects the site analysis requirements listed in SB 2344.
- **AB 2634—Quantified Analysis.** This law requires a quantification analysis of existing and projected housing needs for extremely low-income households. Extremely low-income is a subset of the very low-income housing need and is defined as 30 percent of area median and below. The needs assessment chapter of the Draft Housing Element includes an analysis of households of 30 percent or less of median income.

REQUIRED ANALYSIS AND HOUSING ELEMENT ORGANIZATION

Required Analysis

The Draft Housing Element contains the following analysis as mandated by State law:

- A review of the previous Element;
- An explanation of the outreach and public participation process;
- A housing needs assessment that includes population and employment trends, housing characteristics, housing stock characteristics and special housing needs analyses;

- An analysis of the City's projected housing needs for the 2007-2014 planning period;
- An inventory and analysis of potential housing sites;
- A discussion and analysis of potential governmental and nongovernmental constraints;
- Quantified housing objectives, goals, policies and programs that address the City's housing needs; and
- The Housing Element must be consistent with the General Plan.

The Housing Element contains the required analysis and is organized to reflect requirements of State law.

Draft Housing Element Organization and Analysis of Each Section

The Draft Housing Element is divided into nine sections to address State requirements. The following is an overview of each section.

Section 1: Introduction

Includes a brief explanation of the role of the Housing Element, an explanation of the organization of the document and a description of the Housing Element update outreach process.

Section 2: Review of Prior Housing Element

This section provides a review of the prior (2002) Housing Element, including an analysis of housing production over the previous Housing Element planning period. The review requires an evaluation of the effectiveness of prior programs, rezonings to meet the previous RHNA numbers, progress towards meeting the City's stated quantified housing production and preservation goals. Staff notes that enough land was rezoned during the past Housing Element period to accommodate the previous RHNA numbers, but only met the housing production goals for the above moderate-income households.

Appendix B identifies the 102 implementation actions of the 2002 Housing Element, provides an update on the status of each action and lists which actions have been continued into the 2010 Draft Housing Element period.

Section 3: Housing Needs Assessment

The housing needs assessment provides analysis of the City's housing, economic and demographic conditions. The assessment also identifies the housing, economic and demographic trends of the City. The needs assessment is intended to assist the City in developing housing goals and formulating policies and programs to meet the needs identified in the assessment.

Section 3 has been divided into the following topics:

- Demographic trends, which looks at current pace of population growth;
- Employment trends, which includes current employment growth;
- Population and employment projection, which considers population and employment growth in the City, County and Bay Area between 2005 and 2030;
- Housing stock characteristics, which analyzes the condition of current housing stock;
- Market conditions and housing affordability, which analyzes the current private housing market, including rental, sale trends and affordability of housing based on income;
- Assisted housing at risk of conversion, which analyzes subsidized housing development at risk for converting to market-rate housing. During this Housing Element period, none of the subsidized units are at risk for conversion; and
- Special-needs population analysis, which include analysis of the elderly, persons with disabilities, large families, farm workers, families with female heads of households and families and persons in need of emergency shelter.

At the end of each topic section there are key findings and, if applicable, the goal, policy or program(s) that address the identified need.

Section 4: Projected Housing Needs

Includes a discussion of the City's RHNA numbers, which is the number of units each jurisdiction needs to accommodate for the 2007-2014 planning period. In the San Francisco Bay Area, the Association of Bay Area Governments (ABAG) is the agency that provides the RHNA numbers.

Mountain View's RHNA numbers for the 2007-2014 planning period is 2,599 units. This includes 571 units for very low-income households, 388 units for low-income households, 488 units for moderate-income households and 1,152 units for above moderate-income households. Section 4 of the Draft Housing Element lists the number of units that have been accommodated and the remaining units that need to be accommodated.

Section 5: Sites Inventory and Analysis

This is a State-required analysis to identify housing sites to meet the City's RHNA numbers. The City's analysis in Section 5 of the Draft Housing Element concludes that the City's existing zoning and General Plan designations can accommodate the City's RHNA numbers.

Section 6: Housing Constraints

This is an analysis of governmental and nongovernmental constraints to housing production. State law requires an analysis of potential governmental constraints, such as regulations that can affect housing cost or the production of housing. In addition, Section 6 describes potential nongovernment factors that could constrain the production of new housing such as land and construction costs.

Section 7: Opportunities for Energy Conservation

This is a review of the City's policies on energy conservation as they relate to housing. Section 7 of the Draft Housing Element describes the local initiatives that describe energy conservation and development.

Section 8: Quantified Housing Objectives, Goals, Policies and Program

Quantified Housing Objectives

State law requires that all cities provide Quantified Housing Objectives, which is an estimate of how many housing units will likely be constructed, rehabilitated or conserved/preserved for each income level during the 2007-2014 planning period. Table 8.1 of the Draft Housing Element provides the number of units expected to be constructed, rehabilitated or conserved/preserved. The City has estimated that 1,315 units can be constructed, 105 units rehabilitated and 555 units preserved during the planning period. Quantified Housing Objectives differ from the City's RHNA numbers, which address the capacity to accommodate new units rather than actual units constructed. Section 8 of the Draft Housing Element provides a more detailed analysis of the Quantified Housing Objectives.

Goals Policies and Programs

The goals, policies and programs are required by State law to be included in the City's Housing Element. The goals, policies and programs describe how the City will meet its housing needs. Section 8 of the Housing Element lists all the goals, policies and programs.

Goals are a long-range vision on what the City is expected to accomplish with the Housing Element; policies state how the City will achieve its goals; while the programs are the specific action steps the City will take to implement policies and to achieve the stated goals. Programs must include time frames for implementation and identify who is responsible for implementing the program. Table 8.2 of the Draft Housing Element provides an expected date of implementation for each program and who is responsible for implementing the program.

The Draft Goals, Policies and Program were developed from the following sources:

- City of Mountain View 2002 Housing Element;
- Comments from the September 3, 2008 and September 17, 2008 EPC Housing Element Workshops;
- The October 2008 Senior Advisory Task Force Report;
- 2006-11 Affordable Housing Strategies, reviewed by Council February 19, 2008;
- Environmental Action Plan, February 19, 2008;
- General Plan update spring 2009 workshops summaries; and
- The Draft Housing Element Needs Assessment and Constraints Analysis, including comments received at the April 22, 2009 EPC meeting and the June 30, 2009 Council Meeting.

Staff introduced the Draft Goals, Policies and Programs to the EPC on September 2, 2009, and comments from that meeting were incorporated into the document. Below is a brief description of the more substitutive changes to the Draft Housing Element Goals, Policies and Programs.

Revised Goals, Policies and Programs

"Affordable Housing" and "Subsidized Housing" Defined

The EPC expressed concerns about the difference between the terms "affordable housing" and "subsidized housing" as they were referenced in the document. The EPC asked staff to better define these terms and then to apply them where appropriate within the document.

The generally accepted definition of affordability provided by the U.S. Department of Housing and Urban Development is a household that pays no more than 30 percent of its annual income on housing. "Affordable housing" can be either market-rate housing with no subsidies or housing with subsidies. "Subsidized housing" is affordable housing that has received funding from either government or private nonprofit subsidies for the purpose of providing affordable units to extremely low-, very low-, low- and moderate-income households. Often, the terms are used interchangeably in housing discussions.

To provide greater clarity, staff has used "subsidized housing" in the Draft Housing Element when this is the intent of a specific goal, policy or program. A definition of the term "subsidized housing" is provided in the glossary of the Draft Housing Element. Subsidized housing is used throughout the document when the intent is housing that receives government or nonprofit subsidies.

Policy 1.B—Annual Housing Production

The EPC recommended splitting of Policy 1.B, which previously stated "Encourage the construction of an average of 371 housing units annually to meet the City's RHNA production targets. Work towards an annual goal of 150 units of new housing for extremely low-, very low- and low-income households." The EPC recommended that the policy be broken into two separate policies. The EPC also had additional discussion about proposing a more achievable number.

Policy 1.B language has been amended to use the City's Quantified Housing Objectives (see Table 8.1 of the 2010 Draft Housing Element), which is the number of housing units the City estimates can be constructed, rehabilitated and preserved in the 2007-2014 planning period. Previously, the number used for the policy was the RHNA numbers (total of 2,599 units) and divided by the seven-year planning period. The Quantified Housing Objective is a more realistic number for the City to reach than the RHNA estimate. The revised language reads, "Work towards meeting the City's Quantified Objectives for production, rehabilitation and preservation during the Housing Element 2007-2014 planning period."

Policy 1D—Higher-Density Housing

The EPC recommended adding "near employment centers." This language was not included in the policy reviewed at the September 2 EPC meeting and now is included in the policy.

New Program 2.4—City Employee Housing Loan Program

At the September 2, 2009 EPC meeting, the EPC inquired why the new loan program for public safety workers and teachers had not been added. Staff advised the EPC that the City Employee Housing Program just started. The EPC recommended the new program be added to the Housing Element. In response, Program 2.4 has been added and it states, "Develop and implement the City's low-interest home loan program that serves City employees."

Clarification of Extremely Low-, Very Low- and Low-Income Categories

Low-, very low- and extremely low-income categories are defined by U.S. Department of Housing and Urban Development (HUD) as follows:

- Extremely low-income are households making less than 30 percent of Area Median Income (AMI);
- Very low-income are households earning between 31 percent and 50 percent of AMI; and
- Low-income are households earning between 51 percent and 80 percent of AMI.

The EPC noted that these three terms were not applied consistently throughout the document. Staff is recommending that all three income categories be used where appropriate to provide greater clarity and consistency in the document.

More Specific Targets

The EPC asked that programs identify, when possible, specific dates and who is responsible for program implementation. Table 8.2 of the Draft Housing Element includes this information.

Items Not Changed

Reduction of Parking Requirements

The EPC discussed Program 5.2, which states: "continue to allow reduction of required parking for senior and subsidized housing projects on a project-by-project basis." The EPC also discussed Program 5.3, which states, "consider reduction of required parking for higher-density residential projects near transit or services on a project-by-project basis." Some members of the EPC expressed concern that reducing parking requirements may impact surrounding neighborhoods and recommended the programs be removed from the document. This request was presented to the Council at their October 6, 2009 meeting, but the Council did not recommend removing the programs.

However, Program 5.3 was amended to include the following language: "Any reductions for projects should be supported by a parking demand analysis that evaluates the feasibility and impacts of lower parking ratios" in order to address the concerns of the EPC.

Waiving Fees for Subsidized Housing

The EPC and a member of the public suggested that the City consider waiving or deferring fees for subsidized housing development. The City provides housing funds to developers of subsidized housing in Mountain View. Typically, these developers use a portion of the housing funds to pay application fees which cover the staff time to process the development. If fees were waived, General Fund moneys would be needed to cover staff expenses. This request was presented to the Council at their October 6, 2009 Study Session and Council did not recommend adding the program.

Section 9: Consistency with General Plan

State law requires that the Housing Element be consistent with the General Plan. The City is currently updating its General Plan in tandem with this Housing Element. Throughout the Housing Element update, the City and its consulting teams have worked to ensure consistency between the General Plan and Housing Element updates, sharing data, draft documents and findings from the extensive number of General Plan update community outreach meetings.

Therefore, many of the ideas in this Housing Element, including affordability, preservation of the existing housing stock and neighborhoods, environmentally sensitive and efficient development patterns and provision of a broad range of housing types are also reflected in the emerging General Plan elements.

ENVIRONMENTAL REVIEW

An Initial Study/Negative Declaration was prepared for the Housing Element. Since no rezonings or General Plan amendments are proposed to meet the City's housing need and the recommended goals, policies and programs, if adopted, will not cause an environmental impact, the Initial Study found that no environmental impacts are expected.

NEXT STEPS

The Draft Housing Element, if approved by the City Council, will be forwarded to the State Department of Housing and Community Development (HCD) for their review. HCD has 60 days to review the Draft Housing Element and provide comments to the City. Once the City receives the comments, the City will need to respond to HCD comments. Staff will present the responses to HCD comments and the Final Housing Element to the EPC and Council. Once Council adopts the Final Housing Element, the Housing Element will be sent to HCD for final certification.

RECOMMENDATION

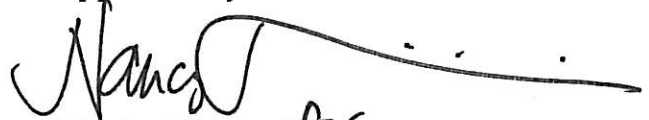
Staff recommends that the EPC recommend to the City Council the adoption of the Draft Housing Element and Negative Declaration.

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SP/7/CDD
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- Attachments:
1. Draft Housing Element
 2. Initial Study and Draft Negative Declaration